



Group Health Program FY17 Planning
March 4, 2016

- FY17 Group Health Projections
- Claim Liability and Reserve Funding
- FY17 Rate Illustration
- Plan Design Options to promote consumerism/behavior change
- Next Steps

FY17 Group Health Operating Budget Projections

<p>FY2017 Projected Expenditures (includes ACA fees, estimated rebates, adjustments for EGWP subsidies/reinsurance and Prescription contract savings)</p>	<p>(\$852.7M) -\$30.9M -\$28.4M (\$793.4M) -\$37.2M (\$756.2M)</p>	<p>through FY15 Q4 Prescription Savings Impact of Improved Claim Experience through FY16 Q1 Impact of Improved Claim Experience through FY16 Q2</p>
<p>FY2017 Revenue Projections (based on the rates effective September 1, 2015 for active and non-Medicare retirees/January 1, 2016 for Medicare retirees)</p>		<p>\$736.8M</p>
<p>FY2017 Projected Group Health Fund Deficit</p>		<p>(\$19.4M)</p>



FY17 Group Health Claim Liability

FY2017 Recommended Claim Liability Target	\$48M
FY2016 Year End Projected Claim Liability Funded	\$22.1M
FY17 Claim Liability Deficit	(\$25.9M)



FY16 Group Health Fund Reserve Deficit

FY2016 Recommended Target	\$79M
FY2016 Year End Projected Balance	\$0M
FY2017 Reserve Deficit	(\$79M)



FY17 Group Health Funding Allocation

**FY2017 Governor's Recommended Budget of \$33.3M
General Funds equals \$56.6M All Funds to be allocated
as follows:**

- FY2017 Operating Funding - \$19.4M**
- FY2017 Claim Liability Funding - \$25.9M**
- FY2017 Reserve Funding - \$11.3M**

FY2017 Group Health Premiums - Actives and Non-Medicare Retirees Based on \$56.6M All Funds State Share Increase

	Total Monthly Rate	Funded State Share Rate	Employee/Pensioner Share Effective July 1, 2016	Rate Increase Over FY16
First State Basic Plan				
Employee	\$695.36	\$667.52	\$27.84	\$1.98
Employee & Spouse	\$1,438.68	\$1,381.16	\$57.52	\$4.10
Employee & Child(ren)	\$1,057.02	\$1,014.76	\$42.26	\$3.00
Family	\$1,798.42	\$1,726.50	\$71.92	\$5.14
CDH Gold				
Employee	\$719.68	\$683.70	\$35.98	\$2.58
Employee & Spouse	\$1,492.22	\$1,417.64	\$74.58	\$5.32
Employee & Child(ren)	\$1,099.56	\$1,044.60	\$54.96	\$3.92
Family	\$1,895.74	\$1,800.96	\$94.78	\$6.76
Aetna HMO				
Employee	\$725.94	\$678.78	\$47.16	\$3.36
Employee & Spouse	\$1,530.58	\$1,431.08	\$99.50	\$7.10
Employee & Child(ren)	\$1,110.52	\$1,038.34	\$72.18	\$5.14
Family	\$1,909.82	\$1,785.70	\$124.12	\$8.86
BlueCARE® HMO				
Employee	\$726.52	\$679.34	\$47.18	\$3.36
Employee & Spouse	\$1,535.42	\$1,435.62	\$99.80	\$7.12
Employee & Child(ren)	\$1,111.64	\$1,039.38	\$72.26	\$5.16
Family	\$1,915.68	\$1,791.16	\$124.52	\$8.88
Comprehensive PPO Plan				
Employee	\$793.86	\$688.68	\$105.18	\$7.50
Employee & Spouse	\$1,647.34	\$1,429.08	\$218.26	\$15.58
Employee & Child(ren)	\$1,223.46	\$1,061.38	\$162.08	\$11.56
Family	\$2,059.40	\$1,786.54	\$272.86	\$19.48

FY2017 Group Health Premiums – Medicare Retirees Based on \$56.6M All Funds State Share Increase

	Total Monthly Rate	Funded State Share Rate	Pensioner Share Effective January 1, 2017	Rate Increase Over CY16
Special Medicfill Rates for Retirees retired before July 1, 2012				
Subscriber with RX	\$459.38	\$459.38	\$0	\$0
Subscriber – no RX	\$260.44	\$260.44	\$0	\$0
Special Medicfill Rates for Retirees retired on or after July 1, 2012				
Subscriber with RX	\$459.38	\$436.42	\$22.96	\$1.64
Subscriber – no RX	\$260.44	\$247.44	\$13.00	\$0.92



Plan Design Change Options – Promoting Consumerism High Tech Radiology Site of Service

- High Tech Radiology Site of Service Scheduling assistance through Highmark and Aetna
 - Highmark
 - Upon approval of High Tech Imaging test to provider through NIA, NIA will contact member if not scheduled at freestanding clinic to provide information on copays at different facility and option to schedule at different site of service
 - Cost for service is \$33,000 (annual program fees) per year
 - Aetna
 - Custom network can be established to steer provider to schedule High Tech Imaging at freestanding clinic due to \$0 copay to member
 - Does not prevent provider from scheduling at hospital based facility
 - Will also look into back end notification to member of lower cost option
 - For both options, communications will be key – both from State and from Highmark/Aetna

Plan Design Change Options – Promoting Consumerism High Tech Radiology Site of Service

- High Tech Radiology Copay Tiering
 - To encourage members to utilize freestanding facilities, lower copay for high tech imaging at freestanding facility to \$0 for a year evaluation period effective July 1, 2016
 - Cost for reduction of copay to \$0 is estimated at \$200K if no change in behavior or movement from hospital based facilities to freestanding facilities. This does not include the \$33K annual program fees.
 - Movement of approximately 300 visits would cover reduction in urgent care copay – (\$200,000 copay reduction/\$800 difference in price)
 - Movement above 300 visits will result in an average savings of \$800 per high tech test.
 - Monitor utilization for 1 year. If movement does not cover costs of copay reduction and result in additional savings, resume high tech copay for freestanding facilities effective January 1, 2018

Plan Design Change Options – Promoting Consumerism

Urgent Care vs Emergency Room Site of Service

Site of Service	Incurred FY 2014				Incurred FY 2015				Change	
	Visits	Visits per 1000	Allowed Amount	Allowed Amount per Visit	Visits	Visits per 1000	Allowed Amount	Allowed Amount per Visit	Vists	Allowed
Urgent Care	36,501	308	\$4.57M	\$125	42,433	351	\$5.25M	\$124	16.3%	15.0%
ER (No Admission)	30,769	259	\$45.25M	\$1,471	32,577	270	\$50.76M	\$1,558	5.9%	12.2%
ER (Admission)	5,001	42	\$12.25M	\$2,540 (\$22,210 with Admit)	5,242	43	\$11.34M	\$2,164 (\$22,687 with Admit)	4.8%	-7.4%
Total	72,271	*	\$62.07M	*	80,252	*	\$67.35M	*	11.0%	8.5%

Summary Findings

•Use and cost of both urgent care and emergency room services without admissions increased in FY2015, resulting in the following:

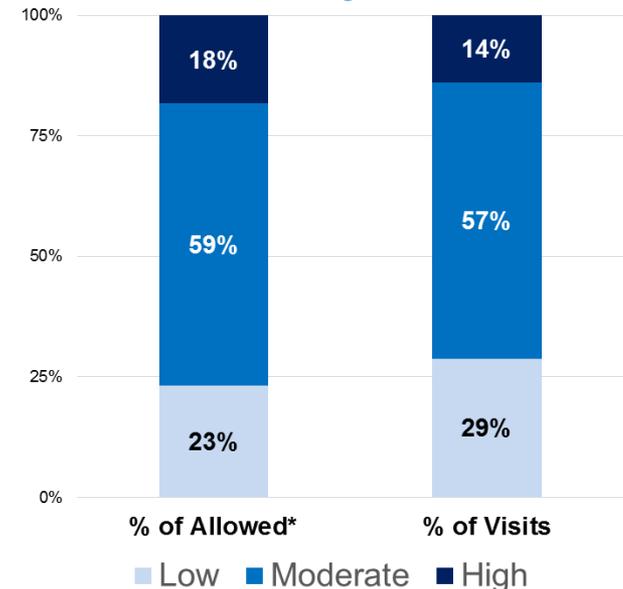
- \$683K increase in urgent care costs
- \$5.5 million increase for emergency room visit without an admission

•Some of the common clinical conditions treated in an the urgent care setting could cost over 8 times as much to treat in the emergency room

•One third of the Emergency Room visits incurred in FY 2015 had primary diagnosis signifying potential non emergence. Some of these primary diagnosis included:

- 7804 Dizziness & giddiness (473 visits resulting in \$808K costs)
- 7242 Lumbago (358 visits resulting in \$405K costs)
- 7820 Disturbance skin sensation (155 visits resulting in \$356K costs)

ER Severity Levels¹



Top 4 Urgent Care Visits in FY 2015		
Clinical Conditions	Allowed Amount / Visit	
	Urgent Care	ER
Infections - Ear, Nose, and Throat Ex Otitis Med	\$117	\$1,050
Infections - Respiratory, NEC	\$120	\$1,150
Infec/Inflam - Skin/Subcu Tiss	\$120	\$1,067
Injury - Musculoskeletal, NEC	\$140	\$987

1. ER Severity Levels: 'Low' = ER visit without a same day admission and potentially non-emergent primary ICD 9 diagnosis. 'Moderate' = ER visit without same day admission and primary diagnosis that does not include an ICD 9 emergent diagnosis. 'High' = ER visit with a same day admission

*Allowed amount of emergency room services does not include admission costs

Plan Design Change Options – Promoting Consumerism

Urgent Care vs Emergency Room Site of Service

- ER vs Urgent Care Copay Tiering
 - To encourage members to utilize urgent care facilities, lower copay for urgent care facilities to equal PCP copay for a year evaluation period
 - HMO plans from \$25 to \$15
 - PPO plan from \$30 to \$20
 - Cost for reduction of copay is estimated at \$300K if no change in behavior or movement from ER to urgent care
 - Movement of approximately 200 visits would cover reduction in urgent care copay – ($\$300,000$ copay reduction/ $\$1434$ difference in price)
 - Monitor utilization for 1 year. If movement does not cover costs of copay reduction and result in additional savings resume high tech copay for freestanding facilities effective January 1, 2018

Next Steps – March 18, 2016

- Vote on recommended rate changes
- Vote on proposed plan option changes
 - ESI Over-the-Counter
 - ESI – Med B vs D coordination
 - ER/Urgent care steerage and copay change
 - High Tech Radiology Steerage and copay change
- Continue to discuss FY17 DelaWELL and member engagement strategy